

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6510

BILL NUMBER: SB 175

NOTE PREPARED: Dec 28, 2009

BILL AMENDED:

SUBJECT: Various Health Matters.

FIRST AUTHOR: Sen. Miller

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ GENERAL
☒ DEDICATED
☐ FEDERAL

IMPACT: State

Summary of Legislation: This bill places a cap of the greater of \$50 per employee or \$2,000 per taxpayer on the Small Employer Qualified Wellness Program tax credit.

The bill allows the Indiana State Department of Health (ISDH) to set a fee for searching or copying a record in the Division of Vital Records. It also repeals the superseded provision that sets the fees for searching and copying records in the Division.

The bill authorizes a physician last in attendance of a deceased to initiate the document process for the death record. It also maintains the current system for reporting of stillbirths after changes in the reporting of births and deaths are implemented.

The bill allows the ISDH to charge food establishments for subsequent inspections that result from a failed inspection. It also establishes the nonreverting Food Establishment Data Base Fund.

The bill also requires the ISDH to establish a Lead-based Paint Poisoning Prevention Program concerning renovations performed for compensation in target housing and child-occupied facilities.

Effective Date: Upon passage; July 1, 2010.

Explanation of State Expenditures: *Small Employer Qualified Wellness Program Tax Credit:* The Department of State Revenue (DOR) will incur additional expenses to revise tax forms, instructions, and computer programs to reflect the changes to the tax credit proposed in the bill. The DOR's current level of resources should be sufficient to implement these changes.

Lead-based Paint Poisoning Prevention Program: The bill requires the ISDH to adopt rules to establish a Lead-based Paint Poisoning Prevention Program concerning prerenovation education for contractors and workers performing renovation activities for pay in target housing and child-occupied facilities built before 1978. The program is established to ensure that renovators are properly trained by accredited training programs and that the contractors are certified to specified standards. The promulgation of rules is a routine administrative function of the ISDH that should be accomplished within the current level of resources available to the agency. [Information regarding the cost of enforcement provisions required by the bill will be added when available from the ISDH.]

Provisions concerning the process for the submission of death records or the reporting of stillbirths have no fiscal impact.

Food Establishment Data Base Fund: The bill establishes the nonreverting Food Establishment Data Base Fund for the implementation and administration of a food establishment data base. The fund is to be administered by the ISDH and consists of fee revenue collected by the state Retail Food Protection Division and any money appropriated to the fund. The bill does not provide for the expenditure of money in the fund.

Explanation of State Revenues: *Small Employer Qualified Wellness Program Tax Credit:* The bill could potentially reduce the revenue loss from this tax credit by capping the credit at \$50 per employee employed by a taxpayer up to a maximum of \$5,000 per taxpayer. Based on the credit utilization in 2007 and 2008, 22.5% of credits claimed could be in excess of the proposed \$5,000 per taxpayer limit. Thus, if tax credit utilization remains at the 2008 level, the savings could total at least \$50,000 annually, with the savings increasing as credit utilization increases. The additional savings from the \$50 per employee limit is indeterminable based on the available data.

Food Establishment Inspection Fees: The bill would allow the ISDH to establish a fee to be collected from a state-inspected retail food establishment for inspections that result from the food establishment's failure of an inspection. Any fee revenue collected would be deposited in the Food Establishment Data Base Fund. [See *Explanation of State Expenditures* for a description of the fund.] The amount of revenue collected and deposited in the Food Establishment Data Base Fund would depend on the amount of the fee and the number of state-inspected food establishments that would fail an inspection requiring a subsequent follow-up inspection for which a fee would be charged.

Vital Records Fees: The bill would authorize the ISDH to determine the fee structure for vital records searches and copies. The fees authorized by the ISDH may not exceed the cost of the services provided. Fee revenue would continue to be distributed to the General Fund. Revenue from vital records fees was \$672,893 and \$566,186 for FY 2008 and FY 2009, respectively. The impact of the bill on the level of fees collected would depend on administrative actions taken by the ISDH.

Background Information: *Small Employer Qualified Wellness Program Tax Credit:* Current statute provides a nonrefundable tax credit to taxpayers employing 2 to 100 employees for expenses relating to providing an employee wellness program certified by the ISDH. The credit is equal to 50% of the taxpayer's wellness program expenditures during the taxable year. The bill imposes a dollar limit on the tax credit a taxpayer may claim equal to the greater of: (1) \$50 per employee employed by the taxpayer; or (2) \$2,000. This dollar limit would allow a maximum credit exceeding \$2,000 to taxpayers that employ 41 to 100 people, provided their annual qualified program expenditures exceed \$4,000. However, no tax credit under the bill could exceed \$5,000.

The wellness program tax credit may be claimed by a taxpayer against the Individual Adjusted Gross Income (AGI) Tax liability, Corporate AGI Tax liability, Financial Institutions Tax liability, or the Insurance Premiums Tax liability. The tax credit applies to expenditures for employee wellness programs which at a minimum reward employees for appropriate weight loss, smoking cessation, and pursuit of preventative care services. The tax credit may be carried forward to succeeding taxable years, but may not be carried back. If the taxpayer is a pass through entity and does not have a tax liability, the credit may be claimed by shareholders, partners, or members of the pass through entity in proportion to their distributive income from the pass through entity.

The tax credit started in 2007 when 83 individual taxpayers and 9 corporate taxpayers claimed \$102,312 in credits. In 2008, 169 individual taxpayers and 9 corporate taxpayers claimed \$207,567 in credits. In 2007, 7 taxpayers claimed credits in excess of \$5,000, with 11 taxpayers exceeding the limit proposed in the bill in 2008. Credits exceeding \$5,000 totaled \$18,260 in 2007 and \$46,739 in 2008.

Vital Records Fees: The bill repeals the statutory vital records fees. The current search fee is \$8 dollars. If a record is found, one certification is furnished free of charge. A fee of \$4 is allowed for any additional certifications. To amend a record, there is a fee of \$8.

Food Establishment Inspection Fees: The Retail Food Protection Division of the ISDH conducts inspections of food establishments located on state property, such as vendors located on the Toll Road, at the State Fairgrounds, or located in the Capitol complex. The Division also provides inspections of the food service operations of state and privately owned psychiatric hospitals that are certified by the Division of Mental Health and Addiction. Currently, the Division uses the tools of enforcement when necessary to bring food establishments with serious food safety problems into compliance with food regulations. The current enforcement process may include the levy of civil penalties. The state currently does not charge a fee for state-conducted inspections nor is there a state license requirement.

Explanation of Local Expenditures:

Explanation of Local Revenues: Local health Departments would not be affected by the establishment of state food establishment inspection fees.

State Agencies Affected: ISDH; DOR.

Local Agencies Affected:

Information Sources: *Indiana Handbook of Taxes, Revenues, and Appropriations - 2009, Program Inventory for the Indiana State Department of Health*, Legislative Services Agency and OFMA Income Tax Database, 2007-2008.

Fiscal Analyst: Kathy Norris, 317-234-1360, and Jim Landers, 317-232-9869.